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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Before the  
**Federal Communications Commission**  
Washington, D.C. 20554

In the Matter of )

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Federal-State Joint Board on )

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Universal Service )

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CC Docket No. 96-45

**PETITION FOR PARTIAL RECONSIDERATION**

Bell Atlantic<sup>1</sup> respectfully asks the Commission to reconsider one aspect of the Universal Service Worksheet, Form 457 ("Worksheet"), to eliminate inside wire maintenance revenues from the calculation of universal service contributions.<sup>2</sup> The Commission held in the Universal Service Order that contributions would not be based upon inside wire revenues, and the Worksheet should be revised to reflect that finding. In addition, universal service contributions are to be based only upon telecommunications service revenues, and the Commission has long held that installation and maintenance of inside wiring is not a telecommunications service.

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<sup>1</sup> The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company; and New England Telephone and Telegraph Company.

<sup>2</sup> The Worksheet was adopted in the *Report and Order and Second Order on Reconsideration*, FCC 97-253 at App. C (rel. July 18, 1997), which was published in the Federal Register on August 1, 1997. *See* 62 Fed. Reg. 41294.

On Line 34 of the Worksheet, carriers are required to report revenues from a variety of services, including “inside wiring maintenance.” The revenues reported on this line constitute part of the total revenues, reported on Line 48, on which universal service contributions are based.<sup>3</sup> Therefore, the erroneous inclusion of inside wire maintenance will cause carriers to pay more into the fund than the Commission required in the Universal Service Order.

In that Order, the Commission held that “[n]either telecommunications carriers nor non-telecommunications carriers will be required ... to contribute to federal universal service support mechanisms based on their provision of Internet access and non-telecommunications internal connections.”<sup>4</sup> “Internal connections” (defined only in connection with schools and libraries) include hardware and software that “are needed to switch and route messages within a school or library.”<sup>5</sup> The hardware needed for such routing includes the wiring within the school or library, on the customer’s side of the rate demarcation point, that carries the messages. Maintenance of that wiring consists of repair of wiring, cable, jacks and other hardware that are part of the internal connections.

These connections, the Commission found, are not telecommunications services. Instead, in finding that universal service support should be provided for internal connections used

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<sup>3</sup> For the interstate high cost fund, only the interstate portion of those revenues are assessed. Inside wiring revenues are all intrastate.

<sup>4</sup> **Report and Order**, FCC 97-157, ¶ 844 (rel. May 8, 1997) (“Universal Service Order”) (emphasis added).

<sup>5</sup> 47 C.F.R. § 54.500(a)(2). The Commission also found that “wireline internal connections” are “inside wiring.” Universal Service Order at ¶ 463.

by schools and libraries, it determined that “the Act permits universal service support for an expanded range of services beyond telecommunications services. Specifically we conclude that the installation and maintenance of internal connections fall within the broad scope of the universal service support provisions of [the Act].... We also find that we should not limit support to just those services that are offered on a common carrier basis.”<sup>6</sup>

This finding that maintenance of inside wiring is not a telecommunications service is consistent with long-standing Commission precedent. In deregulating inside wiring more than a decade ago, the Commission held that “[l]ike CPE services, inside wiring installation and maintenance are severable from underlying common carrier transmission services.”<sup>7</sup> Accordingly, under the 1996 Act and Commission findings implementing the Act, and pursuant to Commission precedent long pre-dating its enactment, inside wire, including maintenance of such wire, is not a telecommunications service.

Universal service contributions from carriers, however, are to be “based on revenues derived from end users for telecommunications and telecommunications services.”<sup>8</sup> It is inconsistent with this requirement to include revenues from non-telecommunications inside wire maintenance in the base of revenues on which such contributions are to be calculated.

Inclusion of wire maintenance on Line 34 is also inconsistent with the principle of competitive neutrality. Using this principle, the Commission extended support for internal

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<sup>6</sup> Universal Service Order at ¶ 451 (emphasis added, footnote omitted).

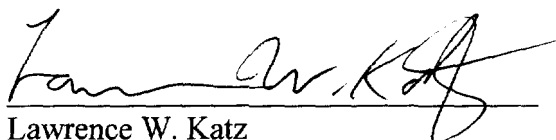
<sup>7</sup> *Detariffing the Installation and Maintenance of Inside Wiring*, 1 FCC Rcd 1190, ¶ 16 (1986).

<sup>8</sup> Universal Service Order at ¶ 844.

connections and Internet access for schools and libraries to non-telecommunications providers. It found that, otherwise, "service providers not eligible for support because they are not carriers would be at a competitive disadvantage in competing to provide these services to schools and libraries."<sup>9</sup> Likewise, if only carriers' inside wiring revenues were assessed for universal service, those carriers would be competitively disadvantaged vis-à-vis non-carrier providers of wiring maintenance services who are not required to contribute to universal service support.

For these reasons, the Commission should exclude inside wire maintenance revenue as telecommunications revenues on Form 457.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Lawrence W. Katz", is written over a horizontal line.

Lawrence W. Katz

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<sup>9</sup> *Id.* at ¶ 594.